



Date: January 16, 2002

To: Inter-Regional Partnership Members

From: IRP Staff

RE: Jobs/Housing Opportunity Zone Designation

Background

The Jobs/Housing Opportunity Zone Request for Proposal (RFP) was released on September 17, 2001. All proposals were due to the IRP on October 26, 2001. A total of 1 proposals were received, 3 from Contra Costa County, 6 from San Joaquin County, 1 from Santa Clara County and 3 from Stanislaus County.

Discussion

At the June 2001 IRP meeting, the Partnership determined that a “committee” would evaluate all submitted proposals. The Evaluation Committee of the IRP, made up of five members (one from each county), met on December 11th and 13th of 2001 to review and rank the RFPs. The following Partnership members represented their county on the Evaluation Subcommittee:

- Supervisor Scott Haggerty, Alameda County/ Council Member Bob Wasserman, City of Fremont
- Council Member Millie Greenberg, City of Danville/ Mayor Mike McPoland, City of Brentwood
- Mayor Dan Bilbrey, City of Tracy, San Joaquin County
- Supervisor Pete McHugh, Santa Clara County
- Mayor Richard Dodds, City of Patterson, Stanislaus County

Mayor Mike McPoland (City of Brentwood) and Council Member Bob Wasserman, City of Fremont, participated as substitutes on the first meeting date of the Evaluation Committee, December 11, 2001.

Before the Evaluation Committee met, the proposals were reviewed for completeness, performed the GIS evaluation of proposed projects, and assigned a ranking of proposals through an internal review panel from each council of governments. A packet was sent to each member that included the following materials:

- A summary sheet of the rankings of the individual projects per county as determined by the internal COG review panel.
- A review of the zone proposal, written to follow the scoring sheet and analyze the proposal based upon the IRP adopted process.
- A blank score sheet available for Evaluation Committee members to use during the review and scoring process. (Note: the GIS section was completed for each proposal by staff based on the IRP adopted GIS scoring system.)
- A copy of the proposal as submitted to the IRP by each applicant.

At the December 11th and 13th meetings, the Evaluation Committee discussed and ranked each of the proposals, a summary of which is presented in Attachment A.

Requested Action

1. Staff request that the IRP members discuss the Evaluation Committee’s ranking of proposed Jobs/Housing Opportunity Zones and select Zones for each county per IRP legislation.
2. Consider San Joaquin Council of Government’s request for additional Zones. (See attached letter.)

Attachment A

The following chart summarizes the RFP scores and rankings as determined by the Evaluation Committee. The RFPs are listed in alphabetical order by COG and county.

Proposal	GIS Score	Committee Score	Committee Ranking
ABAG			
Contra Costa County			
Cities of Antioch & Brentwood	17.05	104.45	1
Cities of Antioch & Oakley	16.52	100.52	2
City of Pittsburg	18.94	77.14	3
Santa Clara County			
City of Milpitas	20.16	110.65	1
SJCOG			
San Joaquin County			
City of Manteca: <i>Tara Business Park</i>	18.86	104.86	3
City of Ripon: <i>North Pointe Planning District</i>	17.42	86.77	6
City of Stockton: <i>A.G. Spanos Business Park</i>	19.20	88.15	5
City of Tracy: <i>Tracy Gateway Business Park</i>	18.36	113.41	1
County of San Joaquin: <i>Airport East</i>	19.60	108.80	2
Port of Stockton/City of Stockton: <i>Rough & Ready Island</i>	19.19	99.53	4
StanCOG			
Stanislaus County			
City of Modesto	20.53	97.37	2
County of Stanislaus (Patterson)	18.37	103.27	1
County of Stanislaus (Salida)	19.08	85.68	3

The RFP summaries are grouped by county and arranged in order as ranked by the Evaluation Committee.

Alameda County

No proposals were submitted from Alameda County.

Contra Costa County

Cities of Antioch and Brentwood - Antioch-Brentwood Jobs Opportunity Zone:

This is the number one ranked proposal from Contra Costa County. The proposal is a good example of sub-regional cooperation between cities and strongly reflects the IRP goals. Ninety percent of the sub-region's population is within five miles of the Zone. Residents in the sub-region can access the Zone utilizing the existing local road network, reducing the potential for increased traffic on area highways including the adjacent Highway 4 Bypass.

Cities of Antioch and Oakley - Antioch-Oakley Jobs Opportunity Zone:

Though receiving a second place ranking, this proposal scored very close to the number one ranked project. The proposal was offered by the proponents as a companion project to the Antioch-Brentwood proposal and likewise includes multi-jurisdiction cooperation. The proposed Zone sits at the top of the commute shed for congested Highway 4. The Zone is surrounded by urban uses, utilizes brownfield land, and includes a small amount of housing.

City of Pittsburg/County of Contra Costa - Pittsburg-Bay Point Jobs Opportunity Zone:

Although ranked third by the Evaluation Committee, this was the only proposal that takes advantage of an existing, major transit facility. The proposal builds on the redevelopment planning process associated with the Pittsburg-Bay Point BART station. The biggest concern was that the non-contiguous nature of the parcels comprising the Zone would make it difficult to achieve cohesive development both in terms of land use and process.

San Joaquin County

City of Tracy - Tracy Gateway Business Park:

This was the number one ranked proposal from San Joaquin County. The Tracy Gateway Business Park is the closest Central Valley proposal to the Altamont Pass, and its focus on office and research and development was offered as a way to reduce the number of residents commuting over the Pass to similar job types in the Bay Area. Over ninety percent of the Zone is currently vacant. The City of Tracy is currently in the process of updating its Urban Management Plan to rezone the project area for commercial development.

County of San Joaquin - Airport East:

This is the second ranked proposal from San Joaquin County. The proposed Airport East Zone is within an existing Enterprise Zone and Foreign Trade Zone. San Joaquin County has an agreement with the State that makes businesses within the Zone eligible for manufacturing tax rebates. The environmental approvals necessary for the type of development found in the proposal have already been obtained.

City of Manteca - Tara Business Park:

The third ranked proposal, Tara Business Park, offers a range of job types on the south side of Highway 120. The City of Manteca has already zoned the land within the Zone for the uses contained in the proposal. The Zone is included in a larger Specific Plan that the City is preparing. Some concern was expressed that not all the land within the Zone was under the control of the proponents or the City.

City of Stockton/Port of Stockton - Rough and Ready Island:

The fourth ranked Zone, at the Port of Stockton, includes a mix of industrial and commercial uses that will create a balance of job types. The industrial and commercial businesses located in the Zone will be able to take advantage of the Port's Foreign Trade Zone and the Stockton/San Joaquin Enterprise Zone. There is some soil contamination that will need to be cleaned-up, and concern was expressed that access to the Zone presently is limited and funds to improve the access were not secured or guaranteed.

City of Stockton - A.G. Spanos Business Park:

This Zone was ranked fifth for San Joaquin County. Land uses within the Zone are being changed, through a General Plan amendment and rezoning, to mixed-use to allow for greater development flexibility. The entire project area is currently vacant but has had basic infrastructure put into place. There was some concern about the housing that was included in the proposal.

City of Ripon - North Pointe Planning District:

The sixth ranked proposal from San Joaquin County proposes the City of Ripon as the master developer for the Zone. City services have already been extended to the Zone through the use of a grant from the State of California. The City has also set up the Zone as a special district so that all developers within the Zone share the cost of infrastructure construction/improvements. There

Attachment A

was concern that the proposal would create mostly lower paying commercial jobs with only a small professional office component.

Santa Clara County

City of Milpitas - Milpitas Housing Opportunity Zone:

This proposal was the only proposal submitted from Santa Clara County. Milpitas has the third highest jobs to housing ratio in the Bay Area and is in the heart of the Silicon Valley. The proposed Zone is primarily residential in nature, contains a significant amount of brownfield development, and is part of the City's existing Mid-Town Plan. A light rail station will serve the Zone following completion of a planned extension, and BART may eventually serve the Zone if the proposed extension to San Jose is undertaken.

Stanislaus County

County of Stanislaus/City of Patterson - Sperry Road/I-5 Business Park:

The Sperry Road/I-5 Business Park is the number one ranked proposal from Stanislaus County. This area has previously been identified as a good location for jobs development based on the County's I-5 Feasibility Study. Project proponents stated that there is already a developer interested in the Zone. At build-out, this project is expected to create a significant number of jobs.

City of Modesto - Kansas Avenue Business Park:

The second ranked Stanislaus County proposal is an urban in-fill project that is part of a redevelopment area. The project would be located on a brownfield site about five blocks from downtown Modesto. A Master Plan has already been developed for the area and the city has begun hiring engineers to address the more technical issues involved in the project. There was some concern about the number of jobs that the Zone would produce at build-out.

County of Stanislaus - Salida Business Park:

The Salida Business Park proposal was ranked third from Stanislaus County. The project is in an unincorporated area adjacent to the City of Modesto. The county and the city have a tax revenue sharing agreement for development near city limits and Modesto will provide services to the Zone. There is a nearby, successful business park that serves as an example that the area can support the type of development proposed for the Zone.



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ESCALON,
LATHROP,
LODI,
MANTECA,
RIPON,
STOCKTON,
TRACY,
AND
THE COUNTY OF
SAN JOAQUIN

January 9, 2002

Supervisor Mark DeSaulnier and Mayor Dan Bilbrey, Co-Chairs
Inter-Regional Partnership
c/o Association of Bay Area Governments
P.O. Box 2050
Oakland, CA 94604-2050

RE: Request of Opportunity Zones for San Joaquin County

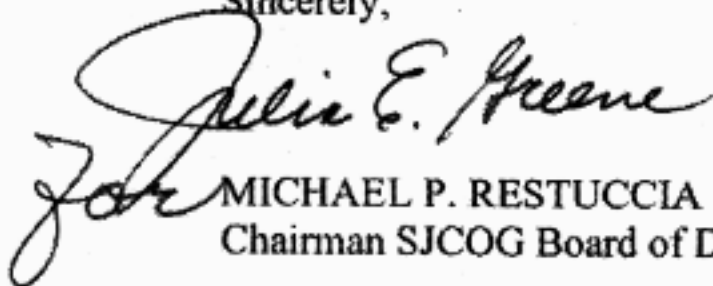
Dear Mr. DeSaulnier and Mr. Bilbrey:

The SJCOG Board of Directors requests that the Inter-Regional Partnership designate four opportunity zones in San Joaquin County. The request is based on the number of quality proposals submitted in this county. The four proposals the Board asks to be designated zones are:

- Tracy Gateway, City of Tracy
- Airport East, San Joaquin County
- Tara Business Park, City of Manteca
- Rough & Ready Island, Port of Stockton/City of Stockton

SJCOG appreciates your consideration of its request. Please feel free to contact Ms. Julia E. Greene, Executive Director, if you have any questions or would like to discuss this matter further.

Sincerely,



MICHAEL P. RESTUCCIA
Chairman SJCOG Board of Directors



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4 January 2002

RE: Selection of Opportunity Zone Projects from San Joaquin County

Mr. DeSaulnier, Mr. Bilbrey, members of the IRP:

The Mother Lode Chapter of the Sierra Club has been monitoring the progress of the IRP over the last two years. We submit these comments regarding the process and result of the selection and ranking of the four Jobs/Housing Opportunity Zone Projects from San Joaquin County. We believe the results of this selection and ranking are deeply flawed, as they not consistent with "smart growth" planning principles. The ranking, as recommended by the San Joaquin Council of Governments and the IRP Selection Committee, appears to be short-sighted and parochial, and not good planning with regional objectives and criteria in mind.

We urge the members of the IRP to reject the ranking of the four Opportunity Zone Projects from San Joaquin County, as recommended by the IRP Selection Committee, and instead, to reinstate the ranking recommended by staff prior to the San Joaquin Council of Governments board meeting of December 6, 2001. Specifically, we agree with staff that the Airport East and Rough and Ready Island projects in Stockton should be given priority from San Joaquin County.

These two Stockton projects, out of the four, are the true "infill" projects that can be served by existing public infrastructure and will generate good-paying jobs within the short-term, not long-term, future. We understand that the Airport East project is proposed by a national developer (Orvis/Jones, Lang, LaSalle) with impressive credentials, who has completed other airport related industrial development in Chicago and Washington, D.C.). The Stockton Airport has been a surprisingly successful generator of well-paying air cargo and other jobs over the last decade and this Airport East project could continue to build on this success. The redevelopment of Rough and Ready Island, a former military base with tremendous potential for job development, is also critical to the entire San Joaquin County economy. Rough and Ready Island has difficult infrastructure issues but deserves to be targeted for redevelopment.

In contrast, there is little information, other than wishful speculation on the part of City boosters and private

developers, to suggest that the other projects, the Gateway Business Park in Tracy and Tara Business Park in Manteca, will have access to infrastructure, especially currently available water supplies and wastewater treatment capacity, to create jobs in the short term.

In addition, the Gateway Business Park is located on prime agricultural lands, it has not even been annexed into the City of Tracy yet, and it could be years away from such annexation, much less development. The Gateway Business Park has not been subject to any environmental review yet, and major issues have been raised about its viability in the short-term. The project may face significant hurdles convincing the San Joaquin County Local Agency Formation Commission that the City can provide critical services, such as water supply, to the business park. The project is apparently relying on long term water supplies from the South San Joaquin Water Supply project, which is under litigation.

Background

As the IRP is aware, a committee composed of ABAG, SJCOG, and other staff members from San Joaquin County met last November and prepared a recommendation for the SJCOG Board of Directors meeting on December 6, 2001. The staff recommended that four Jobs/Housing Opportunity Zone Projects from San Joaquin County be selected from San Joaquin County and ranked in this order: (Stockton) Airport East; Rough and Ready Island; Gateway Business Park in Tracy; and Tara Business Park in Manteca.

As we understand it, the ranking was recommended by staff based on the evaluation criteria included in the September 17, 2001 Request for Proposal (minus the GIS criteria which were not used because of concerns about the accuracy of the mapping). The criteria includes such factors as zone characteristics; existing jobs/housing imbalance; development proposal including infrastructure and transit; jobs impact; commitments from other agencies, etc.

Prior to the SJCOG meeting of December 7, political tactics were apparently employed by Tracy officials to convince members of the COG board to reject the staff recommendations regarding the ranking of the four projects. According to the news account of the meeting, the Tracy officials were "upset that a business park development in the city could lose out on tax incentives and other monetary benefits, [and] convinced members of the county's land use and transportation agency to back off its plan to issue rankings of the top job-creating developments in the county." (See attached Stockton Record article of 12/7/01).

The news article goes on to note that "COG staffers cited concerns about sprawl as a reason they originally ranked the Gateway project third. The project is not inside the city's boundary and will require annexation. COG staffers said they gave priority to in-fill projects." The news article quotes the Tracy city manager dismissing the staff recommendations: "The rankings were "people espousing their personal feelings about Tracy," City Manager Fred Diaz complained, adding that the COG staffers who reviewed the projects weren't qualified to rank them."

At the IRP Selection Committee meeting following the SJCOG vote to forward no rankings of the projects,

the committee members (McCue, Bilbrey, Greenberg, Dodds, Haggerty) apparently decided by a close vote to rank the Gateway Business Park as the number one priority. We request that the work sheets that provide the basis for this change in ranking of gateway be provided to us in hard copy or digital files, and be made available to all members of the public and press.

We understand that one of the reasons that the IRP Selection Committee ranked the Tracy and Manteca projects higher than the staff is that the projects appeared on face to create more jobs per acre of development. However, this factor begs the issue of whether it is more important for the region to create 10 jobs per acre at the Stockton Airport within the next three years, than encourage more speculative projects that may create 25 jobs per acre on the periphery of small city sometime in the next decade.

Sierra Club Does Not Support Gateway Business Park At This Time

We understand that during the Selection Committee meeting the Tracy city manager or some member of the Gateway presentation team was asked specifically if environmental groups such as the Sierra Club supported or opposed the Gateway Business Park project. The manager or other team member apparently indicated to the other committee members that the city was working with local environmental groups and the Sierra Club either supported the Gateway project or did not oppose it. This is not true. The Sierra Club does not support the Gateway Business Park at this time, and may possibly challenge the project's imminent environmental impact report (EIR) in court if it is not legally adequate, especially regarding water supply analysis and wastewater capacity (see below).

The Sierra Club has supported IRP-related legislation and fully encourages and supports cooperative sub-regional planning efforts such as the IRP. The IRP could provide a valuable service to the Northern California region by encouraging infill housing in Santa Clara County and the East Bay, and appropriate economic development in the northern San Joaquin Valley. It is quite possible that the Club could enthusiastically support the Gateway Business Park project in the future, after major infrastructure issues have been resolved. However, the Sierra Club does not support the project at the present time because we believe it is premature. The City of Tracy already has a vacant land for a major business park annexed into the city (within the Tracy Hills Specific Plan). (It appears, however, that the Tracy Hills project, now owned by Tsakoupolis of Sacramento, is stalled because of the same problems that face Gateway, i.e., lack of a surface water supply in hand.)

The Sierra Club supports the creation of high tech-type jobs in Tracy business parks. However, we do not support premature, highly speculative development proposals outside the city limits that cannot be served by existing and foreseeable city services, and which could further strain services to existing residents.

Sierra Club Lawsuits in Tracy

The Sierra Club has testified at numerous city council meetings in Tracy over the last several years, and has commented in writing on most of the major environmental documents such as EIRs that have been circulated. The mayor and members of the city council are well aware of the Sierra Club's critical views

of how the city has managed growth (or mismanaged it). The Club has filed four separate lawsuits against the city, challenging the council's approval of flawed EIRs for the 5,500-unit Tracy Hills Specific Plan; the 5,700-unit South Schulte Specific Plan; the 500-unit Presidio subdivision; and the 500-unit Filios project. The Sierra Club, along with DeltaKeeper, is also challenging the EIR for the South San Joaquin Water Supply Project.

The first three lawsuits have been settled with the City, in return for the applicant and City agreeing to prepare more environmental analysis and to participate in a regional transportation impact fee joint powers authority with Alameda County (for the Tracy Hills project). The Sierra Club is scheduled to go trial on the Filios project EIR in March, 2002 in San Joaquin Superior Court. In that case, the Club has challenged the City's approval of the 500 unit project even though the project has no identified source of water supply and there is no capacity in the City's wastewater treatment plant, as documented in the EIR and in staff reports. The approval of the Filios project and certification of the EIR was in violation of existing State Water Code statutes (which require analysis of drought year water supply for large projects) and flies in the face of the recently adopted SB 221 (Kuehl) bill signed into law by the governor (which precludes approval of large subdivisions without a verified water supply).

In November, 2001, the Sierra Club testified at the Tracy City Council and warned the council that if the upcoming EIR for the Gateway Business Park project failed to include analysis and mitigation for an adequate water supply for all phases of the 500-acre project, as well as other infrastructure, the Club may challenge the EIR in court. (The Gateway EIR was scheduled to be released for 45-day public review before Christmas but has been delayed until later this month.)

Tracy Council Has Failed to Secure Adequate Surface Water Supplies for Approved Growth

Over the last five years, the Tracy City Council has approved approximately 20,000 housing units. During the same time period, the City has virtually exhausted their water supply. The City has been sued by irate local developers of the so-called "Plan C" projects, which were subdivisions originally approved in the late 1980's and early 1990's. The Plan C developers sued because they felt their vested projects had been denied city water and sewer credits, while the City Council continues to approve other projects. The City of Tracy recently managed to convince most of the Plan C developers to drop their lawsuits against the City with the promise that "new" groundwater water supplies would free up enough water to complete their subdivisions.

In response to the growing surface water deficit for all the projects that the council has approved, the council approved a 55% increase in groundwater pumping, over the Sierra Club's strong objections. The City continues to act as if they have an unlimited amount of water and now City officials, including the Mayor, claim that there is enough water to serve the Gateway project. The City is claiming that enough water can be transferred from another residential project, through some type of water "savings," to serve the first phase of the Gateway project, but there is still not enough water (especially during drought years) to serve the entire 500 acre project.

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Conclusion

In conclusion, the Sierra Club urges the IRP to rank the Stockton infill projects (Airport East and Rough and Ready Island) as #1 and #2 in priority as the Jobs/Housing Opportunity Zone Projects from San Joaquin County, and to delete the Gateway project from the list or rank it at the bottom. The City and the Gateway developer should be encouraged to re-apply later after infrastructure issues have been resolved and the land has been annexed into the City.

The Sierra Club feels strongly that the IRP should not be encouraging the premature annexation of prime agricultural land with no city services on the vague promise of job development in the far future. Such a strategy is not smart growth.

If there are any questions regarding these comments, you may contact me at eric@baseline-env.com, 510/420-8686 or 209/462-7079. Please send any notices or staff reports regarding future IRP meetings to me at 1421 W. Willow Street, Stockton, 95203. Please do not send any notices to the Mother Lode Chapter office of the Sierra Club in Sacramento at the address indicated on the letterhead.

Sincerely,



Eric Parfrey, member, Executive Committee
Sierra Club, Mother Lode Chapter

cc: Senator Tom Torlakson
Senator Mike Machado
Assemblywoman Barbara Matthews
Stockton City Council

Tracy persuades S.J. COG to drop development rankings

Four developments seeking opportunity-zone status

The Record

12/7/01

Tracy officials, upset that a business-park development in the city could lose out on tax incentives and other monetary benefits, convinced members of the county's land-use and transportation agency to back off its plan to issue rankings of the top job-creating developments in the county.

Instead, the San Joaquin Council of Governments agreed Thursday to ask that four developments in the county — including the Tracy Gateway project — be declared opportunity zones by the Inter-Regional Partnership.

The partnership is a coalition of officials from San Joaquin and Stanislaus counties and the Bay Area.

It was originally thought that only two developments from each county in the regional partnership would receive the special status.

However, Alameda County didn't propose any affordable-housing projects. Santa Clara County proposed one. That means up to four San Joaquin County job-creating developments could be selected.

The 10 developments chosen

by the partnership could receive special tax incentives or other benefits because they help relieve the jobs/housing imbalance in the area.

Tracy Gateway Business Park, a 500-acre project south of 11th Street and Interstate 205, was ranked third behind a development project at the Port of Stockton and one near Stockton Metropolitan Airport. Other projects in Manteca, Ripon and Stockton were ranked behind the Gateway project.

COG staffers cited concerns about sprawl as a reason they originally ranked the Gateway project third.

The project is not inside the city's boundary and will require annexation. COG staffers said they gave priority to in-fill projects.

The rankings were "people espousing their personal feelings about Tracy," City Manager Fred Diaz complained, adding that the COG staffers who reviewed the projects weren't qualified to rank them.

Tracy officials said that the business park would help relieve traffic problems by bringing high-tech jobs to the area. Most commuters traveling over the

Altamont Pass are from Tracy.

City and county officials who sit on the COG board agreed to forward four projects to the Inter-Regional Partnership without rankings.

The partnership is expected to discuss the issue at its meeting in January.

The projects chosen to present to the partnership are:

■ **Airport East:** 448 acres of unincorporated land near Stockton would be turned into retail spaces, a corporate campus and research-and-development sites. Expected to produce up to 2,500 jobs.

■ **Rough and Ready Island:** 500 acres at the Port of Stockton would become industrial sites. Office buildings eventually might be built. Expected to produce up to 10,000 jobs.

■ **Tracy Gateway:** Expected to produce up to 25,000 jobs.

■ **Tara Business Park:** 485 acres in Manteca turned into commercial space and office buildings. Up to 10,000 jobs could be created.